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INFORMATION REPORT

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SUBJECT CLASSIFICATION

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SUBJECT Political Rivalry Between Tran Van Ly
and Pham Van Giao

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SUPPLEMENT TO
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1. Tran Van Ly is an important member of the Catholic Party of Viet Nam. A close associate of Ngo Dinh Diem, Ly is leader of the party in Central Viet Nam while Diem is in Saigon. Tran Van Ly is also a member of the Front d'Union Nationale, the strongest political party in Central Viet Nam. This party is composed of almost all the former Mandarins and prominent Vietnamese of Hue. Members of the party include Le Thanh Canh, chief of the Bao Dai cabinet in North Viet Nam, and Nguyen Khoa Toan, formerly Minister of National Education and Minister of Information. Toan has recently been appointed Vietnamese ambassador to Thailand.
2. Tran Van Ly was president of the Administrative Committee of Hue from 1947 to June 1948, when Pham Van Giao returned to Indochina from Hong Kong. Although an energetic and patriotic governor, Ly lacked administrative ability, and his antagonism of French officials created difficulties for the Vietnamese residents of his province.
3. When Pham Van Giao returned to become Governor of Central Viet Nam, Ly and his group refused to cooperate with Giao. In spite of the discontent of the population and of the various political factions, Giao succeeded in winning over or buying the support of the most important political figures in Central Viet Nam. Giao also has the support of Nguyen Ngoc Le, chief of the army of Central Viet Nam, and consequently of the troops themselves. Giao displayed his political adroitness in creating a large and strong army group. His success in this undertaking, in which former governors had failed, won him the support of the people.
4. In an attempt to remove Giao from power, Tran Van Ly enlisted the help of the Queen Mother in an appeal to Bao Dai. The Queen Mother threatened to leave Hue at once if Bao Dai did not replace Giao with Ly. This plan failed, however, because Giao had the support of the French, as well as some financial hold over Bao Dai. After coming to power, Giao secured a monopoly on the markets of Central Viet Nam through Nguyen Huu Thi. Thi is almost the sole supplier of all products coming into Hue, especially rice and cloth. The profits from this monopoly, amounting to hundreds of millions

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of Vietnam, was divided between Giao and Bui and Bao Dai. Since a large part of this money has been used to strengthen the treasury of the Monarchist Party, Bao Dai has had to recognize Giao as a major contributor toward his return to power.

5. In order to pacify Tran Van Ly, Bao Dai proposed Ly for the post of Minister of Finances in August 1949. Ly naturally refused the post, recognizing the political strategy behind the nomination. Ly will become Governor of Central Viet Nam only if Giao is appointed to a higher post. The rivalry between the two is such that if Ly were to receive a more important position, Bui would immediately leave the country for France, where his wife and son are living. Giao has converted most of his money into francs, and as a result, most of his property is also in France.

* [REDACTED] Comment. [REDACTED] is a recent report on the opinions of Tran Van Ly regarding the political situation in Viet Nam.

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